# SCHEDULE A AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION

ANNUAL BUDGET OF

## MBHASHE LOCAL MUNICIPALITY



## (WLKEE) WEDIOW LEKW KEVENUE AND EXPENDITURE FORECASTS 2015/16 TO 2017/18

Part 1 - Annual Budget

Mayor's Report

## 16

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In his State of the Nation Address President Jacob Zuma said, "Our country still faces the triple challenge of poverty, inequality and unemployment, which we continue to grapple with. Dealing with these challenges has become a central focus of all democratic administrations. We elected to focus on five priorities, education, health, the fight against crime and corruption, rural development and land reform as well as creating decent work".

In this IDP and Budget I want to emphasise that, we cannot expect to do the same old things and expect different results. We need to improve the way we do things for the betterment of our communities.

In the past couple of years the world economy has gone through its deepest recession. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived. Mbhashe Local Municipality is no way immune to the harsh economic realities associated with the recession.

Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of doing business smarter, thus leading to low revenue base.

In his last budget speech for the current administration Finance Minister Pravin Gordhan said "the current budget sets out the resource plan for an intensified implementation of our National Development Plan". This means all South Africans will gain from the economic transformation and will all share in our Constitutional democracy.

Central to the NDP, is the commitment to reduce poverty and unemployment. Mbhashe is one of the areas with high unemployment and illiteracy rate. There is also a high infrastructure backlog. This means out of our total budget of more than R360m for 2015/16, R370m and R380m for 2016/15 and 2017/18 respectively we must create an environment for job opportunities and partner with businesses.

Premier of the Eastern Cape said in her State of the Province address, "Our success moving into the new term of government will be determined by the active participation and involvement of citizens of this Province in the programs of government. We cannot be spectators in the struggle for our own economic emancipation".

As it was evident in our community meetings, people want service delivery and we have been entrusted with such a task. More than R120m has been allocated for capital investment in 2015/16, R123m in 2016/17 and R130m in 2017/18.

It is our duty as Councilors to correctly inform the public and not to mislead them as a way of electioneering. We need to ask ourselves a question that in the 20 years of democracy, have we done enough to service our need to ask ourselves a question that in the 20 years of democracy, have we done enough to service our

Portfolio heads in this cluster which is service delivery are full time and should make sure that there will be no roll overs. It is no secret that in the last two years we have not done well in service delivery which is our core

function. That has to change. As way of creating sustainable jobs the municipality is in the process of filling all vacancies that exist in our organogram in the next three years. Hence we have a budget R79m for salaries of employees and R21m for the remuneration of Councillors in 2015/16, R84m and R21m for 2016/17 and R90m and 22m for 2017/18. Portfolio

head for HR and Administration should lead in making sure that working conditions are improved. We have budgeted more than R3,7m under good governance in order to improve oversight and accountability. We have oversight committees that are doing well like Audit Committee, Performance Audit Committee and Municipal Public Accounts Committee. These committees should always be objectionable and provide advices to Council and not do witch hunting.

One of our strength in Mbhashe is on agriculture and farming, hence we intend to review our LED strategy in order to be able to coordinate all the resources in reducing poverty and unemployment.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within Mbhashe Municipality.

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

As we know, local government elections are coming up in 2016 therefore, I call upon all citizens in our Province to go all out to discharge their civic duty and exercise their hard won democratic right in voting for progress so that, together, we can move South Africa forward.

I thank you

## 1.2 Council Resolutions

On the  $30^{th}$  of March 2015 the draft annual budget for the financial year 2015/16 was tabled to Council of Mbhashe Local Municipality for reviewing.

- 1. The Council of Mbhashe Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) noted the draft budget together with the following supporting tables:
- 1.1. The annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
- 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)
- 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
- 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
- 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification
- and associated funding by source
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
- 1.2.1. Budgeted Financial Position
- 1.2.2. Budgeted Cash Flows
- 1.2.3. Cash backed reserves and accumulated surplus reconciliation
- 1.2.4. Asset management
- 1.2.5. Basic service delivery measurement
- 2. The Council of Mbhashe Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) notes the draft tariffs for 2015/16:
- 2.1 the tariffs for property rates as set out in Annexure A;
- 2.2 the tariffs for refuse removal as set out in Annexure B;
- 2.3 the tariffs for all other services as set out in Annexure C.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Mbhashe municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and

'nice to have' items as was previously outlined in circular 70.

The municipality has embarked on the implementation of data cleansing recommendations which included amongst other things management of municipal leases, writing off of long outstanding and untraceable balances and implement credit control and debt collection policy. The municipality has reviewed its revenue base. In addition to the shove, the municipality has appointed a debt collector and handed over all long outstanding debts to the debt collector for collection. The municipality has updated its general valuation roll thus basing its assessment debt collector for collection. The current valuation roll.

National Treasury's MFMA Circular No. 54, 55, 58, 59, 64, 66, 67, 70, 72, 74 and 75 were used to guide the

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

The ongoing difficulties in the economy;

compilation of the 2015/16 to 2017/18 MTREF.

- Aging and poorly maintained infrastructure;
- High rate of vacancies within the municipality and the need to fill the vacancies in order to be able to
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash implement IDP and Budget;
- flow realities and declining cash position of the municipality;
- Low levels of spending in terms of infrastructure related grants; and Increase in debtors book as a result of non-payment by rate payers;
- Lack of resources to fund infrastructure backlog.

The following budget principles and guidelines directly informed the compilation of the 2015/16 draft budget:-

- The municipal budget must be linked to the IDP in order to achieve the municipal priorities committed to
- The allocation of the municipal budget is made to specific service delivery programmes and this will in the IDP;
- ensure accountability and avoid discretionary budget allocations;
- not exceed the anticipated revenue; The municipal budget is funded from anticipated revenues to ensure that estimated expenditure does
- whilst containing expenditure growth (Cost containment measures to be in place); As per MFMA circular 75, the budget must allocate resources to core social and economic priorities
- for rates and services; The socio economic factors of our communities and affordability have been considered in setting tariffs
- The tariff increase has been based on the CPI inflationary rate of 4.8 except for new tariffs that were not
- Allocations have been made for contingency plans for anticipated power outages; previously considered by the municipality (e.g. application for demolition of building structures)
- As per MFMA circular 75, provisions have been made for Eskom and Water Services Authorities to
- The implementation of SCOA has also been taken into consideration to ensure that the municipality ensure continuous payments of accounts;
- adopts the relevant budget planning and reporting framework.

#### Table 1 Consolidated Overview of the 2015/16 MTREF

Budget Year 2017/18	Budget Year	Budget Year 2015/16	Budget Year 2014/15	Description
380 969 046		747 894	797 686 742	Total Operating Revenue
264 130 065	248 980 640	235 982 013	214 592 705	Total Operating Expenditure
131 772 663	123 496 049	120 972 411	67 874 120	Total Capital Expenditure

equitable share allocation and other infrastructure related grants. There has been a huge increase of approximately 48% in operating revenue, mainly driven by the increase in the affordability of services were taken into account to ensure the financial sustainability of Mbhashe Municipality. budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the made up of income derived from our tariffs. Tariff-setting is a pivotal and strategic part of the compilation of any The total revenue is made up of grants and subsidies which is approximately 90% and own revenue which is

The operating expenditure increased by a steady 9% which a considerable chunk of it is contributed by personnel costs due to high vacancy rate. Personnel expenditure has the biggest slice which is 31% of our budget. The municipality has lot of vacancy that results to lack of service delivery. The auditors have also raised the issue of employment as a major concern for the municipality's going concern.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

Capital expenditure increased by a margin of approximately 79% when compared to the 2014/15 financial period. This is mainly driven by the huge investment in capital acquisition and infrastructure grant. The municipality has since taken a decision to investment in plant machinery of its own, capital acquisition.

The municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit which is not the case in Mbhashe;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the infrastructure backlog;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no plan no funding allocation can be made.
- municipality's remuneration of employees.

  Depreciation is widely considered a proxy for the measurement of the rate of asset consumption (implementation of GRAP 17).

The current agreement with the unions in terms of collective bargaining has used to inform the

Below is the summary of the MTREF and prior year audited outcomes and other supporting budget tables.

EC151 Mbhashe - Table At Budget Summary

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										Households below minimum service level
_	_	_	_	-	_	_	-	_	_	Revenue cost of free services provided
-	_	_	-	-	_		-	_	-	Free services Cost of Free Basic Services provided
_	_	_	-	_	_	_	11 232	_	_	Repairs and Maintenance
_	_	_	_	_	_	_		_	_	Renewal of Existing Assets
42 637	77£ 04	38 200	38 200	33 467	734 EE	33 467	33 618	30 327	54 338	Depreciation & asset impairment
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-	-	-	165 554	-	-	-	115 585	21 212	588 ST	Balance - surplus (shortfall)
-	-	-	-	-	-	-	(512)	141 71	11 270	Application of cash and investments
-	-	-	165 554	-	-	-	E7E 111	89 325	27 155	Cash and investments available
										Cash backing/surplus reconciliation
361 611	949 76	∠69 €9	168 201	(860 681)	(163 038)	(010 1)	699 №	89 325	27 155	Cash/cash equivalents at the year end
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(135 284)	(127 747)	(120 972)	(188 62)	(69443)	(66 443)	(477 78)	(39 252)	(696 86)	(49 325)	Net cash from (used) investing
E01 031	168 726	699 1/1	126 762	(969 £9)	(965 £9)	192 99	73 812	₱69 6 <b>८</b>	116 49	Cash flows Net cash from (used) operating
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_	_	_	<u>-</u>	93 292	962 89	798 88	168 400	176 288	226 762	Total non current liabilities Community wealth/Equity
_	_	_	_	_	_	_	2 433	112 81	20 480	Total current liabilities
-	_	_	22 443	£₱9 66	£ <del>5</del> 9 66	₱ <b>18 19</b>	086 68	285 435	209 425	Total non current assets
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-	-	-	-	-	-	-	169 01	-	-	Public contributions & donations
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£06 S8	626 26	E10 701	<u>-</u>	93 465	99 499	33 397	611/85	36 206	36 038	Surplus/(Deficit) after capital transfers &
242	112 08	73 122	-	93 280	93 280	998 68	21 242	28 222	687 63	Transfers recognised - capital & contributed at
(2 439)	897 71	198 55	_	(918 62)	(918 62)	(20 469)	478 ac	28 223	(124 TI)	Surplus/(Deficit)
795 056	615 872	260 735	-	226 861	526 861	214 593	990 681	141 363	138 654	Fotal Expenditure
989 E11	99 701	98 959	-	10401	710 401	809 06	95 29	<b>∠6⊅ 99</b>	90 239	Other ex penditure
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29 745	28 168	26 840	-	-	-	-	-	-	-	Materials and bulk purchases
-	-	-	-	-	-	-	SZ	009	1.7	Finance charges
42 637	77£ 04	38 200	-	734 &E	794 EE	33 467	818 66	30 327	24 338	Depreciation & asset impairment
22 792	21 421	21 542	-	20 133	20 133	20 133	15 060	709 71	347 21	Remuneration of councillors
74€ 38	869 08	614 87		<u> </u>	99 244	58Þ 04	104 75	37 033	38 264	and contributions) Employee costs
292 617	180 962	594 626	_	S#0 761	SÞ0 761	194 124	175 939	946 941	151 503	fotal Revenue (excluding capital transfers
£60 91	14 293	986 61	-	14 835	368 41	181 41	796 7	2 429	2 578	Other own revenue
563 335	268 345	267 875	-	960 1/1	960 121	169 325	161 824	\$99 YET	597 801	Transfers recognised - operational
999 9	9 324	000 9	-	009 1	005 1	000 7	6 022	3 626	780 S	Investment revenue
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EC121 Mbhashe - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

121 189	130 303	136 286	816 23	918 99	33 397	197 99	36 206	36 038	П	Surplusl(Deficit) for the year
017 682	742 884	532 588	226 861	226 861	214 293	130 644	141 363	138 654	3	Total Expenditure - Standard
→ 077 036	- NOO 216	233 286	238 300	138 300	- 214 603	- NA3 051	-	- NA3 8E1	b	Other Standard letel
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272 97 235 t	306 1	888 97	690 59	690 59	923 99	17 201	908 8	8 350		Road transport
449 TI	766 91	Sp0 91	15 430	15 430	106 11	040 4	006 4	8 628		Planning and dev elopment
598 86		1		82 415	017 68	172 427	996 11	876 91		Economic and environmental services
288 80	83 642	951 46	82 415	- 211 68	- 017 03	170 AC	350 71	810 31		ritisell and environmental recoiners
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8 395	616 7	827 2	997 6	1		ı		1		Public safety
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22 978	21 760	20 547	19 308	19 308	19 308	13 385	927 81	13 679		Corporate services
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894	727	<b>189</b>	<b>∠</b> Z6 ₩	₹26 ₽	787 2	1794 l	979 1	1 203		Public safety
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EC121 Mbhashe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

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229 770	742 884	532 289	226 861	226 861	214 593	130 644	SIE PEL	133 268	7	Total Expenditure by Vote
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39 143	890 YE	32 003	<b>₽10 7</b>	410 T	P19 8	1145	1 233	S 055		Vote 4 - Community and Social Services
17 944	16 992	340 91	15 430	15 430	106 11	070 T	006 4	8 6 28		Vote 3 - Planning and Development
P1119	£78 73	649 45	23 942	276 £3	23 66 29	116 98	38 933	01×1 69		notratsinimbA bns ecnani 7 - S etoV
34 615	32 779	£96 0£	949 675	949 649	43 775	24 025	812.78	781 82		Vole 1 - Executive and Council
									ı	Expenditure by Vote to be appropriated
380 929	76 <u>Z</u> 87£	348 875	520 352	768 682	247 989	201 761	176 935	Z69 Þ/l	7	Total Revenue by Vote
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-	-	-	-	-	-	-	-	-		Vote 12 - Other
-	-	-	-	-	-	-	-	-		Vote 11 - Electricity
133 829	152 404	119 138	<b>₽</b> 06 88	<b>⊅</b> 06 88	081 73	687 €₽	42 786	23 489		Vote 10 - Road Transport
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298	918	808	171 €	171 €	177	597	916	208		InemaganaM bilo2 - 8 atoV
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609	483	£74	997	997	997	987	155	1 248		Vote 4 - Community and Social Services
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12 065	11 222	71047	10 543	543 Of	10 S43	(06)	-	-		Vote 1 - Executive and Council
									L	sevenue by Vote
42 2017/18	+1 2016/17	2012/16	Forecast	Budget	Budget	9 mootu0	9 mootu0	этоэгиО		nupenoin >
Budget Year	Budget Year	Budget Year	Full Year	bateu[bA	Original	batibuA	bestibuA	batibuA		bnsauorit ۶
WOTK	ems17 e1ufibn	edx3								uandunan ara
ю апцала:	A masT mulba	W 91/SLOZ	118	Pros reay trear	າມລ	2013/14	2012/13	SILLIOS	19A	Vote Description

EC121 Mbhashe - Table A4 Budgeted Financial Performance (revenue and expenditure)

	A maaT mulbe ams13 etutibr			21/4/15	seY fremu		2013/14	2012/13	2011/12	1eR	Describgon
Budget Year 42 2017/18	1897 Year +1 2016/17	Budget Year 2015/16	fibus-enq emoctuo	Full Year Forecast	betsu[bA fegbud	lsniginO fegbu8	betlbuA emostu0	besibu A emostu0	betibuA smootu0	ı	puesnoų
799 9	90€ 9	£96 S		PP8 S	P19 5	PP8 5	\$9£ ¥	017 4	£76 9	5	Property rakes a sollection character
-	-		-	-	-	-	-		-	2	Property rates - penalties & collection charges Service charges - electricity revenue
-	-	-	-		-	165		1.5		2	Service charges - water revenue
=	177		77	1.5		1		1	70.00	7	
798	918	808	Ε.	111	177	1777	397	916	208	5	Service charges - sanistion revenue Service charges - refuse revenue
968	648	208		TSI I	Z91 1	ZSZ.	762	753	C 6.2		Service charges - other
999 9	6 324	7					10		E43		Rental of facilities and equipment
coo o	₩ZC 0	000 9		009 ¥	009 Þ	000 ₽	220 9	3 626	2 087		anemise vni Ismeixe - bemse iseneini Profeb gnibnsiziuo - bemse iseneini
(de)				1-550	1000	216					Da vieceiv ed
01/9	119	684		197	197	616	129	950	IZS		seni3
1 960	998 L	1 753					-	-	924		Licences and permits Agency services
563 335	268 345	267 875		260 171	960 171	169 325	161 824	137 664	397 801	H	Transfers recognised - operational
969 11	970 11	10 943	=	arr er	811 61	12 408	E72 t	1 272	069	2	Отрет тем еливе
				001	100	100					Gains on disposal of PPE
713 Ses	796 087	584 626	_	197 045	240 761	194 124	175 939	149 346	121 203	$\vdash$	otal Revenue (excluding capital transfers
											(Ձոսկիսիսի ի
							(4) m.m.				spenditure By Type
74E 38	869 08	617 94	5	69 244	P77 69	284 07	37 401	37 033	38 264	2	Employ ee related costs
22 792	21 421	51 245		50 133	20 133	20 133	15 060	Z06 Z1	S\$2.51		Remuneration of councillors
8141	976 1	1010		010 1	0101	0101	£96	2 633	768 S	3	Дер <i>і</i> ітрантепі
45 637	40 317	38 200	-	78¢ €€	794 EE	78≱ €E	33 618	30 327	24 338	7	Depreciation & asset impairment
5	:7	-	7.				SZ	009	IZ.	'	Finance charges
29 745	28 168	26 840	_	_	_				-	2 8	Bulk purchases
1 738	979 1	1 396	-		7.	.e.	1 -	3.5	DEC 1		Other materials Contracted services
-	-	210	-	-		1.7	100	A573	-	1 1	Solves and grants
97E O11	104 664	911 96	-	700 EO!	103 007	861 68	766 13	21 422	54 342	9 4	Other expenditure
					10000000000		20000000	1 142	The state of the s		East on disposal of PPE
595 056	278 319	260 735	-	526 861	136 861	214 593	139 065	141 363	138 654		erufibneqx3 lsto
(2 439	897 71	33 881	-	(318 62)	(318 92)	(50 469)	₽78 ac	£86 Z	(12h Tr)		(ficifed)
88 345	80 211	73 122		93 280	93 280	998 66	21 545	28 222	697 69		Transfers recognised - capital
-	-	-	-		-	-	=	-	-	9	Contibutions recognised - capital
			- 1								Contributed assets
£06 S8	616 16	£10 701	-	63 465	83 465	78C CC	619 85	36 206	36 038		iurplus/(Deficit) after capital transfers & contributions
82 803	626 26	107013	_	597 69	63 465	79E EE	619 85	36 206	36 038		Took a sion
		are to	_				514.00	007.00	000.00		notisset tasts (Peticit) sites taxation Attibutable to minorifies
£06 S8	676 76	E10 701	-	93 465	83 465	798 EE	614 85	36 206	36 038		intplusi(Deficit) attributable to municipality
			7.4							7	Share of surplus/ (deficit) of associate
	626 26	E10 701	-	99 492	63 465	33 397	614 85	36 206	36 038	-	urplus/(Deficit) for the year

Vote Description   Ref   Author   Aut	ı	betibuA emoztuQ	EFISTOS bailbuA emachuQ	Ar/sros Audited Dufcome	lenigitO Jegbuð	Parted balanted balanted feed bared	St 2014/15 Full Year Forecast	tibus-enq emostro	ieqx3	A mraT mulbe Amana sutibu TeeY fegbu B Tr\arabics f+	work
is aspenditure to be appropriated  2 Incommunity and Social Services		emoxu0 -	етажий -	emostuO -	1	fegbuð	ferecast –	emostuo -	91/5102	T1/8102 t+	81/710 <u>S</u> S+
isi axpenditure - Vole  Year expenditure - Vole  Year expenditure - Vole  Year expenditure of be appropriated  Year of Finance and Administration  Year of Finance and Year Administration  Year of Year of Year of Year Administration  Year of Year of Year of Year of Year Administration  Year of Year of Year of Year of Year Administration  Year of Year of Year of Year of Year Administration  Year of Year of Year of Year of Year Administration  Year of Year		-	1 1 1	-	1eBpng	-	-	2	_	7	
in 1 - Executive and Council  is 2 - Finance and Administration  is 4 - Community and Social Services  is 4 - Community and Social Services  is 5 - House Sales  is 6 - Solid Management  is 7 - Eruvicon and Alianse and Bourse and Alianse and Bourse and B	z	-		-	2 2	-	-				-
is 3 - Finance and Administration in 64 - Schianter and Administration in 64 - Community and Social Services 65 - Housing and Boue elopment 65 - Housing 65 - Hou		-		-	2	-	-				
he 4. Community and Social Services  b 4. Community and Social Services  b 5. Fubric Salety  b 6. Fubric Salety  b 7. Environmental Management  b 8. Solid Management  b 9. Solid Management  c 1. Community and Social Services  b 9. Solid Management  c 1. Community and Social Services  c 2. Community and Social Services  c 3. Community and Social Services  c 4. Community and Social Services  c 5. Object  c 6. Public Salety  c 7. Community and Social Services  c 8. Solid Management  c 9. Solid Management  c 9. Solid Management  c 10. C 1. Community  c 10. C 1. Community  c 10. C 2. Community  c 10. C 2. Community  c 10. C 3. Community  c 10. C 1.				(FE)	-		-		125.5	-	-
is 6 - Housing   10 -		-	-		-			2	_ 1	1	2
- Solid Management - Solid Salely - Solid Management - Solid Soli		1	2	-	2	-	-	-	-	3	
he 95 - Solid Management  be 10 - Road flans person  be 11 - Electricity  be 12 - InAME OF VOTE 13]  color 14 - InAME OF VOTE 13]  color 15 - Other  color 16 - Road flans port  color 17 - Electricity  color 18 - Road flans port  color 19 - Road flans color  color 19	1 1		2	-	2	-	_	2 :	_	3	
			-	-	-	-	2	<u> </u>	-		-
Community and Social Services   Community and Social Service			-	-	· #	2	723	2	-	-	-
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12 - Other  13 - Other Or VOTE 13]  14   INAME OF VOTE 13]  15   INAME OF VOTE 13]  16   Inaulityes expenditure of be appropriated of a special Services  16   Inaulityes and Covinal Services of a Se		-	2	-	-	2	2	9	-	-	
is a lingle-year expenditure aub-total    Community	1	-	<u></u>	-	12	ā .	620	3	-	-	
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1. Executive and Council  2. Secutive and Council  2. Secutive and Council  2. Secutive and Dava deparent  3. Secutive and Dava deparent  4. Secutive and Dava deparent  2. Secutive and Dava deparent  3. Secutive and Dava deparent  4. Secutive and Dava deparent  5. Secutive and Dava deparent  6. Secutive and D	2										
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	1 1		395	5 836	7 258 7 258	909 b	09 909 Þ	5	2 764		- 1
Comparison			-	_	500	500	500	1	210		
Complex   Comp		-	-	-	50	50	50	-	IZ	-	
- 10 - 9 - Vaste by Water Management 615 - 90 of 4 - Vaste by Water Management 615 - 90 of 9 - Vaste by Water Management 615 - 90 of 9 - Vaste by Water Management 615 - 90 of 9 - Vaste by Water OF VOTE 13  61 of 91 - Vaste by Water OF VOTE 13  62 of 91 - Vaste by Water OF VOTE 15  62 of 91 - Vaste by Water OF VOTE 15  62 of 91 - Vaste by Water OF VOTE 15  62 of 91 - Vaste by Water OF VOTE 15  62 of 91 - Vaste by Water OF VOTE 15  62 of 91 - Vaste by Water OF VOTE 15  62 of 91 - Vaste by Water OF VOTE 15  63 of 91 - Vaste		899	3415	452	150	949	945	-	292	-	
Color   Capital Expanditure - Vote   49 526   1		-	-	-	096	096	096	2	099	-	
10 - 80ad Transport		1	- 612	216	1 800	300			300	5	
0b 13 - [lechcity]         10 13 - [lechcity]			979 EE	- 1	985 98	601 28		1	115 613		1
Oto 12 - Other   Oth		5.00	-	-	008 f	2 400	2 400	.	5 200		.
Color   13 -   NAME OF VOTE 13		(#S	-	-	-	-	-	-	-	-	
000 12 - ÎNAME OE AOLE 12Î 46 236		28	-	- 1	-	-	-	-	-	-	
ital single-year expenditure aub-fotal 69 526		20	-	-	-	-	_	<u> </u>	_	-	
652 64 49 526 49 526	1		38 524	36 383	- 478 78	- 89 543	- 88 243	-	122 578	-	
	$\vdash$		38 254		₱ <b>₹8</b> ₹9	89 543		-	122 578		
	Ш			Choos-Sin-							
857 Tovernance and administration 738		138	586		3 208	2 658	The York Co.	_	200 2 964	- 4	.
Executive and council Budget and fressury office	Ш	15	222	P08	523 820				007		
Budget and treasury office Corporate services Corporate services			79		5 005				2 364		
The state of the s		898	3415	78.77.15	2 170	Sept. Market St.		-	997	15.150	
Community and social services		allahari Ta			200	500	500		210		
Sport and recreation		NAME OF THE PARTY			-	-	-		230		
Public salety 868		898	3415	425	096 1	- 1			257		
HisaH					50	SO	07		17		
		781 6S	33 840	32 880	966 09	err 38	86 119	-	116 326	-	-
AND THE RESIDENCE OF THE PARTY		368	CONTRACTOR OF THE PARTY OF THE	2120 m 155	09	09	09		69		
Road transport		28 772	33 242	32 880					115 613		
Environmental protection				***	096				008 Z		
		18 140	Secretary 10	516	2 100	00S Þ	000 6		5 200		
Waler	11	SERVICE AND ADDRESS OF THE PERSON NAMED IN COLUMN 1				1			ľ		1
Visit w also w else V	П				300				300		
The state of the s		219	213	216	008 f	¢ 500	4 500				
2ther Standard 3 49 526	3	979 67	38 524	TOP TE	718 19	5 <b>1</b> 9 66	2 <del>4</del> 2 66	-	122 578	-	
Neded by:		925 67	38 555	967 92	998 65	72 949	72 949		872 SZ1		
National Government Provincial Government		07C 6h	777 07	DEP 07	000.00	060.77	000.71		0.40.771		
District Municipality											
Other Iransfers and grants											-
		46 256	38 555		CONTRACTOR OF THE PARTY OF THE	12 949	72 949	-	122 578	- :	
anotisons & donations of a second of a sec				169 01				10			
a gniwonnoë gniwonnoë shui bestaraneg tilennesni			160 01		800 M	76 594	SE 284				
	L	975 6¥	Control of the Contro	-					122 578	- 1	

EC151 Mbhashe - Table A6 Budgeted Financial Position

	A mieT muibe emsi7 eiutibr	_		S1/#10Z #	seY frentuO		2013/14	2012/13	2011/12	Pef	Describgon
Budget Year 81\710S S+		Budget Year 2015/16	fibus-end emoctuo	Full Year fecast	betsu(bA fegbu8	laniginO fegbu&	batibuA emostu0	betibuA emostuO	batibuA emostuO		thousand
			165 25f				113 514	68 352	32 224		.SETS .Surient easets Cash
-	-	-	969 - -	-	-	0 <del>-</del>	907	90Z 669	976 7 879 -		Call investment deposits Consumer deblors Other deblors
							Z 634			2	Current portion of long-lerm receiv ables Inventory
-	-	_	797 484 ZSZ 991	-	-	-	128 854 729 E9	729 69	718 TE		otal current assets Investment properly Investment assets
<u> </u>		2	-	EP# 86	EP# 96	₽ <b>7</b> £ <b>7</b> 9	-	772 OES	799 791	3	in esiment in Associale Property, plant and equipment Agricultural
			696	1 100	001 1	009	423	ÞSÞ	536		Biological Intangible Mort non-current assets
-	-	-	22 443	£Þ\$ 66	88 243	1/8 /9	086 89	285 435	509 425		etal non current assets
_	-	-	221 695	£Þ\$ 66	ε <b>≯</b> ⊊ 66	1/28 / 9	4E8 071	322 035	247 242		SETSE ATOTAL ASSETS
							2 142	.5	690 9	ı	seitlidait trent u.s. Bank overdraft
-	(5)	77.0	-	-	8	-	3	-	-	7	Borrowing
Ξ.	-	72.1	-	-	-	970	Z6Z	146 71	196 097 71	Þ	Consumer deposits Trade and other payables
-	-	-	1.7		-	-	7 433	072	50 480		Provisions Fotal current liabilities
б Б	*	-	(H)	# #	5.	(%)	-	1 = 1	-		Mon current liabilities Borrowing Priovisions
-	-	-	-	-	-	-	-	-	-		otal non current liabilities
-	-	-	-	-	-	-	2 433	18 211	S0 480		OTAL LIABILITIES
-	-	-	221 695	59 S43	£75 66	478 78	007 891	188 955	226 762	S	STERS TEN
_		3		962 69	962 69	79E EE	007 891	332 971	226 762	Þ	COMMUNITY WEALTH/EQUITY Accumulaled Surplus/(Deficit)
-	-	-	-	63 582	63 292	79E EE	001 831	332 971	226 762	5	UDAL COMMUNITY WEALTH/EQUITY Minorities' interests

EC121 Mbhashe - Table A7 Budgeted Cash Flows

TaeY feet Year	msr3 entibn seY fegbuð Triaros t+	Exper Year Stock Year 21/2/02	fibus-e19 emoztuo	Full Year Forecast	beteu(bA fegbud	IsniginO fegbug	Audited emostu0	betibuA emostuO	betlbuA emoziuO		Description  9 thousand  1 thousand
81/710S S+ 7	∠1/910Z t+	91/S10Z	emoztuo	Forecast	19gbud	Budget	Outcome	emostuO	втожи0		
			1				1	1	1	1	
299 9 80	908 9	<b>296 9</b>	810.6	810 67	BAO CA	803 06	Farot	050 %	300 3		gecelbra
1	816	808	nine	42 048	42 048	869 OZ	ES# 01	626 7	906 9		Property rates, penalites & collection charges Service charges
	14 293	986 61									eune ven rentio
	SP8 346	267 875	123 767	960 171	960 171	169 325	197 491	137 664	162 254	1	Gov ernment - operating
Z1E 88 342	80 21	73 122	969 09	93 280	93 280	998 68	21 545	26 222		1	Gov ernment - capital
9999 17	9 35	000 9	7 4 5 2 5	009 Þ	4 200	4 000	6 022	3 626	2 087		lzenelni
¥ :-	-	(a):									shrebivid
(\$50 829)	(207 S7	(670 £61)	(170 13)	(613 475)	(974 519)	(181 126)	(121 506)	(94 258)	(761 201)		See yorkine and employ ees
			2 2		20 000		(991)	(009)	(17)		Finance charges
		(a)					10 00			I.	Transfers and Grants
EO 160 103	168 726	699 7/1	156 762	(963 296)	(965 £9)	79Z 99	73 812	<b>≱69 6</b> ∠	226 Þ9	ES	ИГТ САЅН РКОМ/(USED) ОРЕКАПИС АСПУПП
	:			355				,400			SASH FLOWS FROM INVESTING ACTIVITIES
	_	4		100	100	100	£7£	539			Proceeds on disposal of PPE
<u>.</u>	_	2		1						1 °	Decrease (increase) in non-current deblors
100	= 1	0									Decrease (increase) ofher non-current receiv able: Decrease (increase) in non-current investments
	-0.0	58									stramys <sup>c</sup>
			(23 881)	(88 243)	(69 543)	(1/18/78)	(38 652)	(38 602)	(49 325)	П	Capital assets
(135 284)	127 TAT)	(120 972)	(23 881)	(69 443)	(69 443)	(477 78)	(38 525)	(38 383)	(49 325)	S	ИЕТ CASH FROM/(USED) INVESTING ACTIVITE
											CASH FLOWS FROM FINANCING ACTIVITIES
T-1	-									1	Short term loans
	-						Þ				Borrowing long term/retinancing
_		-									Increase (decrease) in consumer deposits
Ti (1)		2					Þ				Repay ment of borrowing
	-	-	-	-	-	-	8	27 <b>-</b> 1	1 = 1	ES	ИЕТ CASH FROM/(USED) FINANCING ACTIVIT
9 24 819	326 OÞ	∠69 £\$	102 881	(163 038)	(163 038)	(010 f)	34 269	41 231	12 652		NET INCREASE/ (DECREASE) IN CASH HELD
	129 PG 169 ES	_ 769 £2	102 881	(850 591)	(860 691)	(010 1)		25 121 27 121	11 203	2	Cash/cash equivalents at the year begin

EC121 Mbhashe - Tabie A8 Cash backed reserves/accumulated surpius reconciliation

-	-	-	182 224	-		-	115 582	21 212	588 51		Surplus(shortfall)
-	-	-	-	_	-	_	(912)	141 71	11 270		retnemberni bne deso to nobsoliqqA istof
										9	Reserves to be backed by cash/investments
=	948	Ξ.	-	·=	-	(4)	Ε.	121	-	b	Long term investments committed
											Other provisions
-	-	H	15±1	-	-	-	(812)	171 41	11 270	ε	Other working capital requirements
								2000		7	Statutory requirements
-	1.00	Η.		9	-	14.0	8	2.40	-		Unapent borrowing
	1-1	~	(14)	Œ	-	100	-	-	-		Unspent conditional transfers
											Application of cash and investments
_	-	_	755 S91	_	-		E7E 111	292 89	27 155		Cash and investments available:
-	-		-	-	-	-	-	-	-	ı	Non current assets - Investments
(967 611)	(949 1/6)	(269 68)	£78 S8	163 038	163 038	1 010	E08 97	-	0		Other current investments > 90 days
967 611	949 1/6	269 ES	102 881	(163 038)	(163 038)	(010 1)	699 №	89 325	27 165	1	Cash/cash equiv alents at the year end
				1 .			l	l			Cash and Investments available
42 2017/18	+1 2016/17	2015/16	emoztuo	Forecast	Budget	Budget	Outcome	emostuO	<b>өто</b> зыО	П	BURGOUN
Budget Year	nseY fegbu 8	Budget Year	Pre-audit	Full Year	beteu (bA	[snigitO	betibuA	beilbuA	betibuA		A thousand
· · · · · · · · · · · · · · · · · · ·	edium Term Ro Alture Framer	_		21/Þ102 18	eY fremu		\$116105	2012/13	SI/IIS	ÌвЯ	Description

EC121 Mbhashe - Table A9 Asset Management

		1				r		1		
%0'0	%0'0	%0'0	%0'0	%0'0	%0'0	40.01	%0'0	%0'0		Renewal and R&M as a % of PPE
%0'0	%0.0	%0'0	%0'0	%0'0	%0'0	%0'0	%0'0	%0'0		R&M as a % of PPE
%0°0	%0.0	%0°0	%0'0	%0'0	%0'0	%0'0	%0'0	%0'0		Renewal of Existing Assets as % of depreca"
%0'0	%0'0	%0"0	%0°0	%0'0	%0°0	%0'0	%0°0	%0'0		Renewal of Existing Assets as % of total capex
42 637	TTE 04	38 200	33 467	23 467	297 88	058 77	30 327	24 338		TOTAL EXPENDITURE OTHER ITEMS
-	=	-	-	-	-	2 108	-	1 - 1	۷ '9	zises radiO
-	8	_	343 806	5 <del>-</del>	2	_	-	5804		races against t
2	ē	-	-	72	2	27A T	-	-		Community Heritage assets
_	2	-	-	_	_	259 7	_	-		infrastructure
-	-		-	-		-	_	·		infrastructure - Other
-	-	-	-	-	-	-	-	177		noitetine2 - enutountzenini
-	-	1 <del>7</del> 8	-	-	-	-	-	1000		1916W - Waler
-	-	-	-	-	_	-	-			Infrastructure - Electricity
-	-	-	-	-	-	7 652	-	-	_	Infrastructure - Road transport
100.74	-	-	-	-	-	11 232		-	3	Repairs and Maintenance by Asset Class
42 637	40 377	38 200	734 EE	734 EE	794 EE	819 66	30 327	24 338		EXPENDITURE OTHER ITEMS Depreciation & seset impairment
_	_	_	201.1			A71. A11	115 511	110 101		
	_	_	0011	0011	009	112 428	178 841	151 647	3	Intangibles  MEGISTER SUMMARY - PPE (WDV
_	<u> </u>	4	-	-	-	-	-	-		Biological assets
-	-	-	-	-	_	-	-	-		Agricultural Assets
-						33 845	5314	<i>LL</i> 0 9		alessa terifiO
-	-	-	-	-	-	23 527	54 704	829 9Þ		investment properties
										alease egainel
				100						Community
	-				_	27 803	86 388	907.86		Infrastructure
							20 680	627 8A		Infrastructure - Sanitation Infrastructure - Other
										Infrastructure - Water
						1 307	128	099 81		Infrastructure - Electricity
						967 97	798 99	31 318		Infrastructure - Road transport
									S	ASSET REGISTER SUMMARY - PPE (WDV)
132 992	124 721	120 615	66 P43	£#9 66	1/8 /9	781 TE	38 524	979 67	2	TOTAL CAPITAL EXPENDITURE - Asset class
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EC121 Mbhashe - Table A10 Basic service delivery measurement

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## Part 2 – Supporting Documentation

#### 1.4 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of all the EXCO members, Municipal Manager, Directors and senior officials of the municipality.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 1.4.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

Budget templates reflecting the actual figures, forecast expenditure for the year were distributed for population of the line item details, at meetings held with HOD's and the budget office. Departments were also given guidelines funding as well as the expenditure levels.

After all that, the budget was considered by the Budget Technical Team which consists of all directors, section heads of various departments, project managers and union representatives, where areas of possible cuts were assessed. The main objective of the Budget Task Team is to ensure that the budget is maintained within the affordability levels, taking the IDP deliverables into account and inputs from the consultation process.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2014. Key dates applicable to the process were:

#### SCHEDULE OF MEETINGS FOR IDP AND BUDGET PROCESS

	JULY-P	RE-PLANNING PHASE		
ITEM. NO.	ACTIVITIES	NATURE OF THE MEETING	DATE	RESPONSIBLE PERSON

TIEM. ACTIVITIES AUGUST-PLANNING PHASE  A. Aboption of the IDP/Budget/PMS 28/08/2014 Strategi Plans  A. Adoption of the IDP/Budget Rep ( DATE Plans)  A. Adoption of the IDP/Budget Rep ( DATE Plans)  A. Adoption of the IDP/Budget Rep ( DATE Plans)  A. Adoption of the IDP/Budget PMS ( DATE Plans)  A. Adoption of the IDP/Budget PMS ( DATE Plans)  A. Adoption of the IDP/Budget PMS ( DATE Plans)  A. Adoption of the Process Plans  A. Adoption of the Process ( None Plans)  A. Process Plans  A. Adoption of the Process ( None Plans)  A. Adoption of the Plans ( None Plans)  A. Adoption of the Plans ( None Plans					
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Mayor IDP Practitioners	\$10\70\02\0Z	Budget Steering Committee District Planning Coordinating Forum	• Presentation of budget statement-budget statement-duarterly report. • Conclude first draft budget to confirm priorities and identify other financial & non -financial budget parameters parameters including government allocations.	.£
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Mayor, IDP Practitioners	\$10Z/TT/0Z	IDP\ Budget Rep Forum	MQA	7.
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1.	Final presentations for	SM9\fagbu8\901	09/02/2015	MM
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### 1.4.2 IDP and Service Delivery and Budget Implementation Plan

Mbhashe municipal IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

and essentially informed the detail operating budget appropriations and three-year capital programme. Service Delivery and Budget Implementation Plan. Planning links back to priority needs and master planning, setting of priorities and targets after reviewing the mid-year performance against the 2014/15 Departmental With the compilation of the 2015/16MTREF, each department had to review the planning process, including the

#### Financial Modelling and Key Planning Drivers E.4.1

undertaken to ensure affordability and financial sustainability: As part of the compilation of the 2015/16 MTREF, the following key factors and planning strategies were

- Policy priorities and strategic objectives
- Asset management
- Economic situation (i.e inflation and debt)
- Performance trends
- The approved 2014/15, adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

taken into consideration in the planning and prioritisation process. In addition to the above, the strategic guidance given in National Treasury's MFMA Budget Circulars has been

#### Community Consultation 4.4.1

on the newspaper, and hard copies were made available at all the unit offices and libraries. The draft 2015/16 MTREF as tabled before Council on 30 March 2015 for community consultation was published

opportunity for them to make inputs. provincial treasury, and provincial departments in accordance with section 23 of the MFMA, to provide an All documents in the appropriate format (electronic and printed) were provided to National Treasury and

institutions and community-based organisations. organised business. Other stakeholders involved in the consultation included churches, non-governmental consultation processes, including the specific targeting of ratepayer associations, sessions were scheduled with applicable dates and venues were published in the local newspapers (from 08/04/2015 to 17/04/2015). The Ward Councillors Ward Committees were utilised to facilitate the community consultation process.

reduest. finalisation of the 2015/16 MTREF. Feedback and responses to the submissions received are available on and expenditure and individual capital projects were addressed, and where relevant considered as part of the Submissions received during the community consultation process and additional information regarding revenue

#### Overview of alignment of annual budget with IDP G.r

credible integrated developmental planning process. cooperative governance. The eradication of imbalances in South African society can only be realized through a The Constitution mandates local government with the responsibility to exercise local developmental and

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning simed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to Mbhashe, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Mbhashe strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and atrategies and Mbhashe response to these requirements.

The review of the IDP focuses of the infrastructure backlog of the whole Mbhashe area and also the prioritised as identified by the communities in all wards. The budget has been prepared in accordance with the IDP focusing on five national key performance areas, which are:

- · Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the budget and SDBIP with measurable performance indicators and targets.

After the tabling of the draft budget, a series of meetings was held throughout the municipal area to consult with the public representatives, civil society, business, labour and other government departments on how the budget addresses the IDP priorities and objectives. The feedback flowing from these meetings was referred to a management and EXCO to find a way of attending to all the issues. Some has financial implications and some not.

The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources through its budget and area. The IDP enables municipalities to make the best use of scarce resources through its budget and

speed up service delivery.

IDP is smongst others, an approach to planning simed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. The municipality has also aligned its budget and IDP in line with the Mational, provincial and district.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In order to ensure integrated and focused service delivery between all spheres of government it was important for Mbhashe municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and good governance.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national, provincial and district priorities.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for Mbhashe municipality. The fiveyear programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of this IDP and budget with the aim of improving.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

### 3.6 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Performance Management, the municipality has to develop and implement a performance management system of which system must be constantly refined as the integrated and implement a performance management system of which system must be constantly refined as the integrated and implement a performance management system of which system must be constantly refined as the integrated and implement a performance management is a system of which system must be constantly refined as the integrated and implement is a system of which system in the system of 
planning process unfolds. The Municipality intends to monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance and cascade it downwards to all levels. This will be done by appointing a service provider to assist in this process.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting street being developed, and continues through each of the planning, budgeting, implementation and reporting street being developed. This area needs to be strengthened in order to improve service delivery.

### 7.1 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies:

- Credit control and debt collection policy
- d noncolleg sach bilb lognes shore
- Supply Chain Management policy
- Asset management policy
   Budget policy
- Virement policy
- Investment policy
- Tariff policy
- Property rates policy
- Indigent support policy

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#### 1.8.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

#### 1.8.2 General inflation outlook and its impact on the municipal activities

MTREF:

The following are the key factors that have been taken into consideration in the compilation of the 2014/15

- National Government economic targets;
- The general inflationary outlook and the impact on the municipality's residents and businesses;
- The impact of municipal cost drivers;
- The impact of tariffs
- The increase in the cost of remuneration. The wage agreement SALGBC concluded with the municipal
- workers unions. Infrastructure backlogs

#### 1.8.3 Collection rate for revenue services

The base assumption is that tariff for property rates will not increase as the municipality is currently doing valuation. The collection rate on arrear debt is very high and consumers are not paying. The municipality only collect rates and refuse.

#### 1.8.4 Impact of national, provincial and local policies

Integration of service delivery between national, provincial, district and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Infrastructure development
- Rural development and agriculture; and
- Fighting crime and corruption.

thereby ensuring the achievement of the national, provincial, district and local objectives. various development programs. The focus will be to strengthen the link between policy priorities and expenditure To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of

#### Ability of the municipality to spend and deliver on the programmes 3.8.1

cash flow projection for this 2014/15 has been completed in the budget. The municipality has been underspending in past two years resulting in roll overs of the conditional grants. The

#### Overview of budget funding 6.1

#### Cash Flow Management 1.6.1

term. Some specific features include: Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-

- Clear separation of receipts and payments within each cash flow category;
- actual collection rate of billed revenue. ratepayers and other to be provide for as cash inflow based on actual performance. In other words the Clear separation of capital and operating receipts from government, which also enables cash from

#### Cash Backed Reserves/Accumulated Surplus Reconciliation

to analyse trends to understand the consequences. appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of

#### Funding compliance measurement Z.6.1

requirements of the MFMA. measurement table essentially measures the degree to which the proposed budget complies with the funding annual budgeted statements of financial performance, financial position and cash flows. The funding compliance look at various aspects of the financial health of the municipality. All the information comes directly from the National Treasury requires that the municipality assess its financial sustainability against different measures that

#### Cash/cash equivalent position 1.5.2.1

application of these funds such as cash-backing of reserves and working capital requirements. cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A positive

## 1.10 Legislation compliance status

Audit Committee

.4

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- 1. In year reporting Reporting to Provincial and Mational Treasury in electronic format was complied with on a monthly basis. Reporting is improving each and every year.
- 2. Internship programme
  The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions within Budget and Treasury and Internal employed five interns undergoing training in various divisions within Budget and Treasury and Internal Pudit.
- 3. Budget and Treasury Office has been established in accordance with the MFMA.

  The Budget and Treasury Office has been established in accordance with the MFMA.
- An Audit Committee and performance audit committee has been established and is fully functional.

  5. Service Delivery and Implementation Plan
- The detail SDBIP document is at a draft stage and will be finalised after approval of the IDP and budget, and will be signed by the mayor thereafter.
- 6. Annual Report
  Annual report is compiled in terms of the MFMA and National Treasury guidelines.
  7. Policies
- The municipality is currently reviewing all its policies and a workshop will be conducted for all councilors and employees before submission to council for adoption.

## 1.11 Municipal manager's quality certificate

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I S. Management Moral municipal manager of Mbhashe Local Municipality hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name

Municipal manager of Mbhashe Local Municipality (EC121)

Signature

Date